

Senator Harry Reid  
**Statement on the Introduction of the Healthy Employees,  
Healthy Small Businesses Act of 2004**  
*April 27, 2004*

I rise today to introduce the Healthy Employees, Healthy Small Businesses Act of 2004. This legislation addresses a number of fundamental problems:

- the fact that millions of hard working American families have no health insurance ... they live in fear that financial ruin is just one illness away, or that a family member will need medical treatment that they simply can't afford;
- the fact that small businesses in this country are facing health care costs that are skyrocketing far beyond the rate of inflation ... and that as much as many small business owners would like to provide health benefits to their employees, it is becoming more and more difficult for them to afford these costs; and
- the fact that this health care dilemma is damaging our nation's competitive position internationally.

In 2002, 44 million Americans lived without health insurance for the entire year. 85 percent of these uninsured people belong to working families.

Think about that. The vast majority of the people in the United States of America who have no health insurance *work*.

These uninsured workers are trapped in the middle ... in fact, most of them are middle class families. They don't receive health coverage through their jobs. They are too young to qualify for Medicare. They earn too much to qualify for a public health insurance program.

Yet they can't afford private insurance plans.

For each one of those 44 million people, and each one of those millions of families, living without health coverage causes real and serious problems.

Living without health insurance is difficult for anyone. It is especially hard for parents with children. IN addition to the constant worry about whether their child will have an accident or get sick, there are serious long-term consequences for kids who grow up without health insurance.

Uninsured kids have a higher rate of acute and infectious diseases than children who are covered by health insurance ... and uninsured kids actually have a higher number of hospitalizations, because their problems don't get treated until they become serious.

Uninsured children are:

- four times as likely to have necessary care delayed.
- five times more likely to use a hospital emergency room as their regular source of care, and
- six times as likely as other children to go without the care they need

But having no health care is a problem even when kids aren't sick. It forces parents into the kinds of choices that none of us would want to make ... and that nobody in America should have to make.

When your daughter is uninsured, you have to think twice about signing her up for a youth soccer league, because she might break her arm.

When your son has no health coverage, maybe it's not safe to let him ride his bike through the neighborhood, or try out his friend's new rollerblades.

Accidents happen to everyone, especially to active children. But when your family has no health insurance, a simple fall requiring a few stitches, a broken bone, or a minor sports-related injury could result in hundreds or even thousands of dollars in emergency room fees.

In the end, in a lot of families, living without health insurance sometimes means that kids don't get to do very much living at all.

In her book *The Betrayal of Work*, Beth Shulman asked Flor Segunda, a working mom with no health insurance, about how her family's uninsured status affects her kids. Segunda says:

*“Doctors require immediate payment before they will see you, but many times I don’t have the money. Right now, [my son] Luis has a temperature. But I try to take care of it myself because I can’t afford to take him to the doctor every time. It is one of the reasons I don’t like my children to play outside. They will get sick and I can’t afford it.”*

A lack of access to health care can destroy a family’s financial security in a heartbeat—that is certainly true. But it can also deny uninsured kids some of the most basic and simple pleasures of being a child: going outside to play ... joining a tee-ball team ... riding a bike.

Surely we can do better.

### **The Business Side**

Living without health insurance is a terrible problem. So why are so many families forced to do it? Who are these families trapped in the middle—earning too much to qualify for free care, but not enough to pay for private insurance?

It turns out that more than half of the uninsured people in our country live in a family supported by someone who works for a small business ... meaning a company that employs fewer than 100 workers.

This isn’t because small businesses are less committed to their workers than larger employers. On the contrary, the small business owners in my state seem to care a great deal about their employees. Most small business owners work closely with their employees, and they understand that the success of their enterprise depends on the loyalty of the people who work for them.

The reason small businesses are less likely to provide health insurance is simply a matter of economics.

At a small business, where people are delivering a product or service with just a handful of employees, the margin between revenues and costs can be pretty slim.

That doesn’t leave much room for error – or for rising costs. But health care costs are spiraling out of control.

Every year for the last several years, we’ve seen double-digit inflation in health care prices. With health care costs rising out of sight, small business owners are

rightly concerned about whether these uncontrolled prices represent too much of a risk to their overall business health.

### **The Healthy Employees, Healthy Small Businesses Act of 2004**

My legislation would create a federal refundable tax credit to reimburse small employers for part of the costs they incur for providing health insurance coverage to their employees.

The HEHSB tax credit would operate on a sliding scale, providing a large tax credit to all businesses with fewer than 50 employees, but giving the greatest tax relief to the smallest enterprises.

Last year, the average health insurance plan for a single person cost \$3,383, of which the employee paid an average of \$508 and the employer paid an average of \$2,875.

For a family policy, the average cost totalled \$9,068, with the employee bearing \$2,412 and the employer shouldering \$6,656.

Under my bill, companies with fewer than 10 employees would be eligible to claim a credit of 50 percent of the cost of each eligible employee's policy, up to a limit of \$1,500 for an individual policy or \$3,400 for a family policy.

Companies with 25 to 50 employees would be eligible to claim a credit of 35 percent of the cost of each eligible employee's policy, up to a limit of \$750 for a self-only policy or \$1,700 for a family policy.

I believe that this legislation will give more small business owners the ability to do what they want to do in the first place: provide their first-rate employees with first-rate benefits.

It will shield them from the worst risks associated with rising health care costs.

And I hope that it will eventually result in families like the Segundas feeling a little more security and happiness.